



1/19/06

GENERAL ORDERS

SB 956 (Stamas)

Senate Bill 956 would appropriate and transfer from the General Fund/General Purpose budget to the Counter Cyclical Budget and Economic Stabilization Fund the difference between FY 2005-06 estimated General Fund/General Purpose revenue and enacted General Fund/General Purpose appropriations. This transfer and appropriation would increase the projected balance in the Counter Cyclical Budget and Economic Stabilization Fund from \$2.0 million to \$120.0 million at the close of FY 2005-06.

- Committee S-1 was adopted.
- SB 956 was moved to 3rd reading of Bills.
- Cherry 1 was not adopted. (Increases Home Heating Assistance money). [RC 2: 18 yes, 19 no].
- Emerson 2 was withdrawn.
- SB 956 was passed with IE [RC 3: 23 yes, 13 no].

SB 957 (Cassis)

Senate Bill 957 would amend the Single Business Tax (SBT) Act to decrease from 2% to 1% the percentage of adjusted business income used to calculate the alternate credit for businesses with gross receipts of \$10 million or less, beginning January 1, 2006.

- Cassis 1 was adopted.
- SB 957 was moved to 3rd reading of Bills.
- SB 957 was passed with IE [RC 16: 22 yes, 15 no].

HB 4244 (Hummel)

HB 5355 (Sheen)

HB 5356 (Wenke)

HB 5357 (Meyer)

HB 5358 (Wenke)

HB 5359 (Emmons)
HB 5360 (Jones)
HB 5361 (Marleau)
HB 5362 (Drolet)
HB 5363 (Stakoe)
HB 5364 (Green)
HB 5386 (Kahn)

JOB PROVIDERS BILL OF RIGHTS

The package of bills is designed to ease the administration and reduce the costs of complying with the state's tax laws by streamlining the process, avoiding litigation where possible, and providing taxpayers with a fairer rule book. For many businesses, the costs of complying with the state's tax laws are very real. To the extent that the legislation reduces such costs and improves the administration of the tax laws, the state's business climate, and its competitiveness with other states, improves.

House Bill 4244 would allow for an informal conference between a taxpayer and the department concerning a credit audit or a refund denial. The Revenue Act currently allows for informal conferences on numerous tax matters, as a means of resolving the dispute informally before a referee, and hopefully resolving quickly and without costly litigation. According to committee testimony, many taxpayers are unaware of their right to an informal conference concerning a credit audit or a refund denial. This bill clarifies that an informal conference may be available for those matters.

- HB 4244 was moved to 3rd reading of Bills. [no amendments].
- HB 4244 was passed with IE [RC 4: 37 yes, 0 no].

House Bill 5355 generally provides that a rule or bulletin issued by the Department of Treasury would be prospective in nature. Of the issues included in this package of bills, limiting the retroactive application of new tax standards is, perhaps, the most important. Quite simply, taxpayers cannot comply with tax standards that do not presently exist, and it is patently unfair to subject them to new standards applied retroactively and higher taxes when, at the time they filed their taxes, they complied with the law as they, and the department, understood it to mean.

- Cassis 1a was adopted.
- Committee (S-1) was adopted.
- HB 5355 was moved to 3rd reading of Bills.
- HB 5355 was passed with IE [RC 5: 22 yes, 15 no].

House Bill 5356 if during the course of an audit authorized under the Act, an auditor identified a refund opportunity for the taxpayer, the auditor would have to notify the taxpayer of that refund opportunity in a timely manner. The taxpayer then could claim a refund under the provisions of the Act.

- Committee (S-1) was adopted.

- HB 5356 was moved to 3rd reading of Bills.
- HB 5356 was passed with IE [RC 6: 37 yes, 0 no].

House Bill 5357 specifies that, in the course of an audit conducted under the authority of Section 21 of the Act, a taxpayer would have the right to claim credit amounts as an offset against debit amounts determined in the audit. A taxpayer that was the subject of a use tax audit of its purchases would be entitled to offset the use tax liability determined in that audit by the amount of sales tax paid annually under the General Sales Tax Act, by it to a Michigan vendor, or use tax paid annually by it to a vendor located outside the State, on an amount of up to \$5,000 in purchases.

- Committee (S-1) was adopted.
- HB 5357 was moved to 3rd reading of Bills.
- HB 5357 was passed with IE [RC 7: 37 yes, 0 no].

House Bill 5358 if as a result of an audit it were determined that a taxpayer was owed a refund, the Department of Treasury would have to send a notice to the taxpayer stating the amount of the refund the Department believed was owed to the taxpayer as a result of the audit. The notice would have to inform the taxpayer of his or her appeal rights.

- Committee (S-1) was adopted.
- HB 5358 was moved to 3rd reading of Bills.
- HB 5358 was passed with IE [RC 8: 37 yes, 0 no].

House Bill 5359 during the course of the informal conference the taxpayer by written notice could convert his or her contest of the assessment to a claim for a refund. The written notice would have to be accompanied by payment of the contested amount. The informal conference would have to continue and the Department would have to render a decision and issue an order regarding the claim for refund.

- Committee (S-1) was adopted.
- HB 5359 was moved to 3rd reading of Bills.
- HB 5359 was passed with IE [RC 9: 37 yes, 0 no].

House Bill 5360 at the taxpayer's option, if the Department of Treasury failed to issue an order and determination within 180 days after the taxpayer served notice of a contested assessment, the informal conference could be considered denied. If so denied, the taxpayer could appeal the issues contested as provided under Section 22 (which allows a taxpayer aggrieved by an assessment, decision, or order of the Department to appeal to the Tax Tribunal within 35 days or to the Court of Claims within 90 days after the assessment, decision, or order).

- Committee (S-1) was adopted.
- HB 5360 was moved to 3rd reading of Bills.
- Thomas 1 was adopted [no RC].
- HB 5360 was passed with IE [RC 10: 37 yes, 0 no].

House Bill 5361 requires the Department of Treasury to send notice to a taxpayer of its intent to assess a disputed tax. The notice must include the amount the Department believes the taxpayer owes, the reason for that deficiency, and a statement advising the taxpayer of a right to an informal conference, the requirement of a written request by the taxpayer for the informal conference, and the 30-day time limit for that request.

- Committee (S-2) was adopted.
- HB 5361 was moved to 3rd reading of Bills.
- HB 5361 was passed with IE [RC 11: 37 yes, 0 no].

House Bill 5362 would amend the Act to specify that a taxpayer could not be penalized for relying on a revenue administrative bulletin or letter ruling before it was revoked.

- Cassis 1a was adopted.
- Committee (S-1) was adopted.
- HB 5362 was moved to 3rd reading of Bills.
- Thomas 1 was adopted. [no RC].
- HB 5362 was passed with IE [RC 12: 37 yes, 0 no].

House Bill 5363 would provide the state treasurer with authority to settle civil tax disputes. Many disputes are resolved through the courts. Allowing the state treasurer to settle certain disputes increases efficiency and speeds up the dispute resolution process. This reduces litigation costs incurred by the taxpayer and the department and, from the standpoint of the taxpayer, brings about a greater sense of certainty. According to committee testimony, the IRS, the District of Columbia, and 41 other states allow for a similar dispute resolution process.

- Committee (S-1) was adopted.
- HB 5363 was moved to 3rd reading of Bills.
- HB 5363 was passed with IE [RC 13: 23 yes, 14 no].

House Bill 5364 provides that errors made by a taxpayer in a personal property statement resulting in the excess payment of taxes may be corrected by the July or December Board of Review. Generally speaking, the July or December Board of Review meets to correct clerical errors or mutual mistakes of fact related to assessment figures, tax rates, and mathematical computations. A "mutual mistake of fact" is a shared or common error, misconception, misunderstanding, or erroneous belief about a material fact, which in the context of the General Property Tax Act requires both the assessing officer and the taxpayer to have the same erroneous belief regarding the same material fact thereby causing both the excess assessment and the excess payment of taxes.

- Committee (S-2) was not adopted.
- Cassis 2a was adopted.
- Cassis (S-3) was adopted.
- HB 5364 was moved to 3rd reading of Bills.
- HB 5364 was passed with IE [RC 14: 37 yes, 0 no].

House Bill 5386 provides that if the local assessor and the property owner agree that the property was incorrectly assessed for the current year and the one year immediately before the date the incorrect assessment was discovered, the assessor would execute an affidavit verifying that "mutual mistake of fact" to the July or December Board of Review. In instances like this, both the assessor and the property owner agree that there is a mistake, and the bill clarifies that such a mistake is a "mutual mistake of fact" correctable by the July or December Board of Review.

- Cassis 1a was adopted.
- Committee (S-1) was adopted.
- HB 5386 was moved to 3rd reading of Bills.
- HB 5386 was passed with IE [RC 15: 22 yes, 15 no].

THIRD READING OF BILLS

HB 5447 (Jones)

House Bill 5447 would amend the Michigan Occupational Safety and Health Act (MIOSHA) to prohibit the establishment of rules or standards regarding workplace ergonomics. Under the bill, a department, board, or commission authorized to promulgate rules under MIOSHA could not promulgate a rule or establish a standard regarding workplace ergonomics, but could provide guidance, information on best practices, or assistance for the voluntary implementation or practice of a workplace ergonomics program.

- HB 5447 was moved to 3rd reading of Bills. [no amendments].